

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF BELFRY)	CASE NO. 7341-K
GAS, INC.)	

O R D E R

On July 19, 1979, the Commission issued its Order in Case No. 7341 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On October 4, 1982, Belfry Gas, Inc., ("Belfry") notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation ("Transmission") effective September 1, 1982, and submitted with its notice certain information in compliance with this Commission's Order of July 19, 1979.

Belfry's increase from Transmission is another one of those federally-mandated pass-throughs of higher gas prices in which upon the record this Commission has no discretion. Belfry will not realize even one cent of profit but simply will turn over to its supplier the increased amount which it must collect from its consumers.

After reviewing the notice filed in this case and being advised, the Commission is of the opinion and finds that:

(1) Belfry's notice of October 4, 1982, set out certain revisions in rates which Belfry proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$109,879 or 120.41 cents per Mcf.

(2) The Public Service Commission is being asked to authorize a pass-through of a price increase already approved by the Federal Energy Regulatory Commission ("FERC"). Failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to Belfry and would ultimately result in higher rates to its consumers. The Commission has (in writing) indicated its opposition to the procedures and regulations used by FERC since 1975 to approve these supplier increases.

We are also actively presenting our views to FERC and to our Kentucky Congressional delegation concerning revisions to the Natural Gas Policy Act formulas allowing producers to so raise their prices and because of the action of FERC in allowing such increases to pass through to the transmission company and through it to the distributing company, in this case Belfry, this Commission has no real authority in the matter. Under federal law and actions, this Commission serves merely as the conduit for the

final pass-through of the increased cost of gas to the consumers when, as here, the distributing utility makes no profit from the increased prices which it must pay for gas purchased from the transmission company.

(3) The proposed rates will allow Belfry to recover only the increased cost of wholesale gas and will not permit it to make any profit in doing so. The magnitude of this filing exposes Belfry to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(4) Belfry's notice of October 4, 1982, does not provide the Commission with the 20-day notice as required by statute; therefore, the proposed rates should become effective on and after October 24, 1982, subject to refund.

(5) Belfry's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 7341 dated July 19, 1979, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after October 24, 1982, subject to refund.

IT IS THEREFORE ORDERED that the purchased gas adjustment sought by Belfry be and it hereby is authorized to be effective with gas supplied on and after October 24, 1982, subject to refund.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Belfry the base rate for purchased gas shall be:

Commodity

Columbia Gas Transmission Corporation \$4.7685 per Mcf
Schedule SGS

IT IS FURTHER ORDERED that within 30 days after the date
of this Order Belfry shall file with this Commission its revised
tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 20th day of October, 1982.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7341-K DATED OCTOBER 20,
1982

The following rates are prescribed for the customers in the areas served by Belfry Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

First 1,000 cu. ft.
Over 1,000 cu. ft.

\$8.46 Minimum Bill
5.95 per 1,000 cu. ft.